



BLOUBERG LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Blouberg Local Municipality

(Registration number LIM351)

Annual Financial Statements for the year ended June 30, 2014

General Information

Legal form of entity	Local Municipality Category B
Executive committee	
Mayor	Sekgoloane SE Thamaga MN Choshi MM Ratladi SD Masekwameng MR Moshuhla MW Sithukga SE Tutja TP Tjumana MM Morapedi MA Rapheaga KT Lehong MV Rangata MJ Mosebedi ME Morukhu MB Seduma MD Raseruthe MA Makobela SR Boloka MP Nabane NB Sekwatlakwatla SP Kgwatalala MM Manetja MR Moetji NT Ntlatla MW Mathekgane CR Mojodo MD Kobe DM Molokomme NO Ntlema MA Mashalane MS Shongoane SL Kotsinkwa PJ Mathidza SE Keetse MC Maboya MS Tlouamma NM Chauke KR Phosa MH Modishetji MP Mokgehle PS
Councillors	
Grading of local authority	Grade 3
Accounting Officer	Kgoale TMP

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General Information

Chief Finance Officer (CFO)	Raganya MC
Registered office	2nd Building Dendron Road Senwabarwana 0790
Business address	2nd Building Dendron Road Senwabarwana 0790
Postal address	P.O.Box 1593 Senwabarwana 0790
Bankers	ABSA
Auditors	Auditor- General
Preparer	The annual financial statements were internally compiled by: Raganya MC CFO
Telephone number	(015) 505 7100
Fax number	(015) 505 0296
E-mail address	info@blouberg.gov.za

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on pages 5 to 48, which have been prepared on the going concern basis, were approved by the accounting officer on November 30, 2014 and were signed on its behalf by:

Kgoale TMP
Municipal Manager

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Statement of Financial Position as at June 30, 2014

Figures in Rand	Note(s)	2014	2013
Assets			
Current Assets			
Inventories	3	1,560,313	1,416,568
Cash and cash equivalents	4	14,797,284	2,349,601
Receivables from exchange transactions	5	6,962,817	7,795,155
Consumer debtors	6	3,166,314	2,706,516
Receivables from non-exchange transactions	7	24,478,138	18,140,048
VAT receivable	8	2,295,775	2,207,239
		53,260,641	34,615,127
Non-Current Assets			
Property, plant and equipment	10	796,738,157	811,198,714
Investments	9	3,088,937	3,097,833
		799,827,094	814,296,547
Total Assets		853,087,735	848,911,674
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	19,916,925	12,728,924
Consumer deposits	12	1	1
Other financial liabilities	13	3,700,125	3,284,222
Unspent conditional grants and receipts	14	11,455,835	9,741,137
Provisions	15	4,086,000	4,086,000
		39,158,886	29,840,284
Non-Current Liabilities			
Provisions	15	4,017,620	1,910,000
Total Liabilities		43,176,506	31,750,284
Net Assets		809,911,229	817,161,390
Accumulated surplus		809,911,229	817,161,390

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Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue			
Revenue from exchange transactions			
Service charges	16	12,476,013	13,337,417
Rental of facilities and equipment		769,483	881,444
Interest received (trading)		174,374	192,715
Licences and permits		2,491,142	2,608,399
Other income	19	2,828,080	6,595,589
Interest received - investment		1,125,733	422,507
Total revenue from exchange transactions		19,864,825	24,038,071
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	20	14,152,478	15,411,244
Transfer revenue			
Government grants & subsidies		140,719,303	122,386,561
Fines		1,325,343	1,645,114
Total revenue from non-exchange transactions		156,197,124	139,442,919
Total revenue	22	176,061,949	163,480,990
Expenditure			
Personnel	23	(66,223,164)	(58,077,098)
Remuneration of councillors	24	(11,633,387)	(10,594,905)
Depreciation and amortisation	26	(47,972,059)	(46,544,235)
Impairment loss/ Reversal of impairments	30	(460,010)	(6,806)
Debt impairment	25	(956,925)	(12,300,462)
Repairs and maintenance		(1,008,394)	(1,441,065)
Bulk purchases	27	(18,096,118)	(14,762,525)
Contracted services	28	(2,456,865)	(1,897,564)
General Expenses	29	(34,506,579)	(32,513,802)
Total expenditure		(183,313,501)	(178,138,462)
Loss on disposal of assets and liabilities		-	(13,129)
Deficit for the year		(7,251,552)	(14,670,601)

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Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	2,939,539,193	171,198,330	3,110,737,523
Adjustments			
Correction of errors	(2,938,890,393)	659,393,436	(2,279,496,957)
Change in accounting policy	(648,800)	648,800	-
Balance at July 01, 2012 as restated*	-	831,240,566	831,240,566
Surplus for the year	-	(14,670,601)	(14,670,601)
Total changes	-	(14,670,601)	(14,670,601)
Opening balance as previously reported	-	817,161,481	817,161,481
Adjustments			
Correction of errors	-	1,300	1,300
Balance at July 01, 2013 as restated*	-	817,162,781	817,162,781
Surplus for the year	-	(7,251,552)	(7,251,552)
Total changes	-	(7,251,552)	(7,251,552)
Balance at June 30, 2014	-	809,911,229	809,911,229

Note(s)

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Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Receipts			
Taxation		14,152,748	5,168,992
Sale of goods and services		11,969,509	11,239,061
Grants		142,626,180	120,290,000
Interest income		1,125,733	422,507
Other receipts		5,917,738	7,121,466
		175,791,908	144,242,026
Payments			
Employee costs		(64,712,296)	(67,273,108)
Suppliers		(65,423,513)	(50,355,523)
		(130,135,809)	(117,628,631)
Net cash flows from operating activities	31	45,656,099	26,613,395
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(33,217,312)	(29,079,033)
Proceeds from sale of property, plant and equipment	10	-	732,731
Proceeds from sale of financial assets		8,896	921,000
Net cash flows from investing activities		(33,208,416)	(27,425,302)
Net increase/(decrease) in cash and cash equivalents		12,447,683	(811,907)
Cash and cash equivalents at the beginning of the year		2,349,601	3,161,503
Cash and cash equivalents at the end of the year	4	14,797,284	2,349,596

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	13,137,986	1,900,000	15,037,986	12,476,013	(2,561,973)	
Rental of facilities and equipment	1,051,855	-	1,051,855	769,483	(282,372)	
Interest received (trading)	407,925	-	407,925	174,374	(233,551)	
Licences and permits	3,150,000	-	3,150,000	2,491,142	(658,858)	
Other income - (rollup)	4,436,478	(555,500)	3,880,978	2,828,080	(1,052,898)	
Interest received - investment	687,184	100,000	787,184	1,125,733	338,549	
Total revenue from exchange transactions	22,871,428	1,444,500	24,315,928	19,864,825	(4,451,103)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	9,057,022	3,100,000	12,157,022	14,152,478	1,995,456	
Government grants & subsidies	146,673,000	-	146,673,000	140,719,303	(5,953,697)	
Transfer revenue						
Fines	847,250	(50,000)	797,250	1,325,343	528,093	
Total revenue from non-exchange transactions	156,577,272	3,050,000	159,627,272	156,197,124	(3,430,148)	
Total revenue	179,448,700	4,494,500	183,943,200	176,061,949	(7,881,251)	
Expenditure						
Personnel	(67,314,795)	2,369,035	(63,258,542)	(66,223,164)	(2,964,622)	
Remuneration of councillors	(10,974,724)	(300,000)	(11,274,724)	(11,633,387)	(358,663)	
Depreciation and amortisation	(951,600)	-	(951,600)	(47,972,059)	(47,020,459)	
Impairment loss/ Reversal of impairments	-	-	-	(460,010)	(460,010)	
Debt impairment	(2,114,330)	(3,000,000)	(5,114,330)	(956,925)	4,157,405	
Repairs and maintenance	(1,995,154)	728,120	(1,341,234)	(1,008,394)	332,840	
Bulk purchases	(14,300,000)	-	(14,300,000)	(18,096,118)	(3,796,118)	
Contracted Services	(2,189,960)	(344,000)	(2,533,960)	(2,456,865)	77,095	
General Expenses	(33,127,790)	258,237	(33,935,726)	(34,506,579)	(570,853)	
Total expenditure	(132,968,353)	(288,608)	(132,710,116)	(183,313,501)	(50,603,385)	
Deficit before taxation	46,480,347	4,205,892	51,233,084	(7,251,552)	(57,937,791)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	46,480,347	4,205,892	51,233,084	(7,251,552)	(57,937,791)	

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Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Comparative figures

Budget information in accordance with GRAP 1 and 24, has been provided in the statement of comparison of budget and actual and forms part of the annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The municipality's material variance is considered when there is a 6% deviation from the budget. The explanation for material variance between budget and actual are provided in the annexure of comparison of budget and actual.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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Accounting Policies

1.4 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Infrastructure	
• Roads and Paving	5 - 50
• Pedestrian Malls	
• Electricity	5 - 50
• Water	5 - 50
• Sewerage	10 - 50
Community	
• Buildings	5 - 50
• Recreational Facilities	5 - 50
• Security	5 - 50
• Halls	5 - 50
• Libraries	5 - 50
• Parks and Gardens	5 - 50
• Other Assets	5 - 50
Heritage Assets	
• Buildings	5 - 50
• Paintings and artifacts	5 - 50
Other	
• Buildings	5 - 50
• Specialist vehicles	5 - 15
• Other vehicles	5 - 15
• Office equipment	5 - 10
• Furniture and fittings	5 - 7
• Watercraft	
• Bins and containers	10 - 20
• Specialised past and equipment	5 - 15
• Other items of plant and equipment	5 - 15
• Quarries	5 - 15
• Emergency equipment	5 - 10
• Computer equipment	
Finance lease assets	
• Office equipment	
• Other assets	

The residual value, the useful life and depreciation method of each asset are reviewed at least at of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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Accounting Policies

1.5 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.6 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

1.7 Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

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Accounting Policies

1.7 Financial instruments (continued)

INVESTMENTS AT AMORTISED COSTS

Investments, are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

INVESTMENTS AT FAIR VALUE

Investments, which represent investments in residual interest for which fair value can be measured reliably, are subsequently measured at fair value.

Gains and losses in the fair value of such investments are recognised in the Statement of Financial Performance.

INVESTMENTS AT COST

Investments at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

INVESTMENT GUARANTEE

The municipality's investment is fixed deposit held at ABSA as Eskom Guarantee.

The municipality does not have access, they only receive interest on that investment.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

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Accounting Policies

1.7 Financial instruments (continued)

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

1.8 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.9 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.10 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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Accounting Policies

1.11 Provisions and contingencies (continued)

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.12 Budget information

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process. The municipality's material variance is considered when there is a 6% deviation from the budget. The explanation for material variance between budget and actual are provided in the annexure of comparison of budget and actual.

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2013 to 6/30/2014.

1.13 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.14 Capital Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- where the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

1.15 Value Added Tax

VAT is payable on the cash basis. Payment is received from debtors VAT is paid over

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1.16 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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1.17 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Interest, royalties and dividends

Interest is recognised, in surplus or deficit, using the effective interest rate method on a time proportion basis.

1.18 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

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1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

1.20 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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1.21 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted.

Long term employee benefits

Long-term employee benefits are employee benefits that are due to be settled after twelve months after the end of period in which the employees render service.

Long-term employee benefits include items such as:

- Long service awards
- Long-term leave

1.22 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;

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Accounting Policies

1.22 Impairment of cash-generating assets (continued)

- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash generating unit.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and

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Accounting Policies

1.22 Impairment of cash-generating assets (continued)

- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.23 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

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1.23 Impairment of non-cash-generating assets (continued)

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.24 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

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1.24 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Leave provision

Annual leave accrues to employees on a monthly basis, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

Contingent liabilities

Contingencies disclosed in the current year required estimates and judgements. These estimates and judgements were done by the lawyers.

1.25 Net assets

The net assets of the municipality evidence the residual interest in the assets of an municipality after deducting all of its liabilities.

1.26 Events after reporting period

Events after the reporting period are those events, favourable or unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The municipality must ensure that all adjusting and non-adjusting events after the reporting period are identified.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
 - pool the assets contributed by various entities that are not under common control; and
 - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
 - All short-term employee benefits;
 - Short-term compensated absences;
 - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

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2. New standards and interpretations (continued)

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
 - Actuarial valuation method;
 - Attributing benefits to periods of service;
 - Actuarial assumptions;
 - Actuarial assumptions: Discount rate;
 - Actuarial assumptions: Salaries, benefits and medical costs;
 - Actuarial gains and losses;
 - Past service cost.
- Plan assets:
 - Fair value of plan assets;
 - Reimbursements;
 - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the is for years beginning on or after April 01, 2013.

The municipality has adopted the for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

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2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 01, 2014 or later periods:

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after April 01, 2014.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 106: Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after April 01, 2014.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after April 01, 2014.

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2. New standards and interpretations (continued)

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations..

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

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2. New standards and interpretations (continued)

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after April 01, 2014.

The municipality has early adopted the standard for the first time in the 2014 annual financial statements.

The adoption of this standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue

Paragraphs .03, .04, .05, .06, .08 and .10, were amended and paragraph .02 was added in the Interpretation of the Standards of GRAP.

This Interpretation of the Standards of GRAP now addresses the manner in which an entity applies the probability test on initial recognition of both:

- (a) exchange revenue in accordance with the Standard of GRAP on Revenue from Exchange Transactions and
- (b) non-exchange revenue in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

This Interpretation of the Standards of GRAP supersedes the Interpretation of the Standards of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue issued in 2009.

The effective date of the amendment is for years beginning on or after April 01, 2013.

The municipality expects to adopt the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

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Figures in Rand	2014	2013
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2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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Annual Financial Statements for the year ended June 30, 2014

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Figures in Rand	2014	2013
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3. Inventories

Consumable stores	1,560,313	1,416,568
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4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Cash on hand	415	-
Bank balances	14,796,869	2,349,601
	14,797,284	2,349,601

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2014	June 30, 2013	June 30, 2012
ABSA BANK - Current Account - 1150169476	14,750,685	2,681,417	4,767,802	14,750,685	2,302,117	3,113,479
ABSA BANK - Current Account - 4057350474	46,184	47,484	48,024	46,184	47,484	48,024
Total	14,796,869	2,728,901	4,815,826	14,796,869	2,349,601	3,161,503

5. Receivables from exchange transactions

Other receivables - prepaid electricity	26,610	139,375
Other receivables - CDM	4,520,868	4,520,868
Other receivables - rental	33,597	17,283
Other receivables - Land	2,381,743	3,117,629
	6,962,817	7,795,155

6. Consumer debtors

Gross balances

Electricity	3,291,055	2,714,336
Refuse	1,083,495	1,668,844
Sundry	1,477,909	1,009,484
	5,852,459	5,392,664

Less: Allowance for impairment

Electricity	(1,352,041)	(1,352,041)
Refuse	(502,834)	(502,834)
Sundry	(831,270)	(831,270)
	(2,686,145)	(2,686,145)

Net balance

Electricity	1,939,014	1,362,295
Refuse	580,661	506,647
Sundry	646,639	837,574
	3,166,314	2,706,516

Electricity

Current (0 -30 days)	103,603	110,804
31 - 60 days	102,189	51,116

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
6. Consumer debtors (continued)		
61 - 90 days	52,165	81,744
91 - 120 days	56,253	64,863
121 - 365 days	81,897	467,696
> 365 days	2,894,949	1,938,113
	3,291,056	2,714,336
Refuse		
Current (0 -30 days)	21,348	41,209
31 - 60 days	20,561	19,010
61 - 90 days	18,917	30,401
91 - 120 days	17,923	24,123
121 - 365 days	16,871	173,939
> 365 days	987,873	720,798
	1,083,493	1,009,480
Sundry		
Current (0 -30 days)	16,780	68,123
31 - 60 days	16,037	31,426
61 - 90 days	16,037	50,257
91 - 120 days	16,037	39,878
121 - 365 days	6,984	287,544
> 365 days	1,406,033	1,191,615
	1,477,908	1,668,843
Reconciliation of allowance for impairment		
Balance at beginning of the year	2,686,145	-
Contributions to allowance	-	2,686,145
	2,686,145	2,686,145
7. Receivables from non-exchange transactions		
Rates debtors	18,317,087	11,606,982
CDM - Free and basic water	2,956,985	4,481,449
Other debtors	3,204,066	2,051,617
	24,478,138	18,140,048
Rates		
Current (0 -30 days)	130,702	282,847
31 - 60 days	50,853	79,965
61 - 90 days	45,454	81,511
91 - 120 days	43,667	59,142
121 - 365 days	896,121	14,316,387
> 365 days	29,626,831	8,306,791
	30,793,628	23,126,643
Reconciliation of allowance for impairment for property rates		
Balance at beginning of the year	(11,519,616)	(1,123,149)
Contributions to allowance	(956,925)	(10,396,467)
	(12,476,541)	(11,519,616)

Blouberg Local Municipality

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Annual Financial Statements for the year ended June 30, 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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8. VAT receivable

VAT	2,295,775	2,207,239
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9. Investments

Non-current assets

Fixed deposits	3,088,937	3,097,833
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The municipality's investment is fixed deposit held at ABSA as Eskom guarantee amounting to R 3,088,937. The municipality does not have access, they only receive interest on the investment.

During the year interest of R172,685.00 was earned.

10. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	10,491,290	-	10,491,290	10,221,290	-	10,221,290
Buildings	39,181,713	(12,696,441)	26,485,272	50,310,886	(22,258,346)	28,052,540
Infrastructure	1,089,009,933	(411,410,804)	677,599,129	1,045,597,680	(342,124,323)	703,473,357
Community	89,644,835	(16,111,190)	73,533,645	87,256,355	(27,204,288)	60,052,067
Other property, plant and equipment	15,358,759	(6,729,938)	8,628,821	17,704,866	(8,305,406)	9,399,460
Total	1,243,686,530	(446,948,373)	796,738,157	1,211,091,077	(399,892,363)	811,198,714

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	10,221,290	270,000	-	-	10,491,290
Buildings	28,052,540	-	(1,567,268)	-	26,485,272
Infrastructure	703,473,357	16,201,585	(41,615,803)	(460,010)	677,599,129
Community	60,052,067	15,990,625	(2,509,047)	-	73,533,645
Other property, plant and equipment	9,399,460	1,509,213	(2,279,090)	-	8,628,821
	811,198,714	33,971,423	(47,971,208)	(460,010)	796,738,157

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Additions through entity combinations	Disposals	Other changes, movements	Depreciation	Impairment loss
Land	10,221,290	-	-	-	-	-	-
Buildings	29,619,809	-	-	-	-	(1,567,269)	-
Infrastructure	739,396,589	5,424,102	-	-	-	(41,347,334)	-
Community	40,397,536	7,982,912	13,609,825	-	-	(1,938,206)	-
Other property, plant and equipment	9,459,158	1,786,163	-	(745,860)	498,602	(1,605,410)	6,80
	829,094,382	15,193,177	13,609,825	(745,860)	498,602	(46,458,219)	6,80

Refer to Appendix B for more detail on property, plant and equipment.

Blouberg Local Municipality

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Annual Financial Statements for the year ended June 30, 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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11. Payables from exchange transactions

Trade payables	10,589,351	4,699,019
Payments received in advanced - contract in process	1,577,620	921,025
Retentions	6,478,963	5,992,095
13th cheque provision	1,270,991	1,116,785
	19,916,925	12,728,924

12. Consumer deposits

Electricity and water	1	1
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The municipality is currently not charging consumer deposits on new sites.

13. Other financial liabilities

At amortised cost

CDM WSP	342,173	342,173
Direct Deposits	615,200	514,835
Other	2,742,752	2,427,214

Total other financial liabilities	3,700,125	3,284,222
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Current liabilities

At amortised cost	3,700,125	3,284,222
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14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant (MIG)	9,779,376	7,877,644
Other Government grants and subsidies (CDM)	1,676,459	1,863,493
	11,455,835	9,741,137

15. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Provision for leave	4,086,000	811,340	4,897,340
Provision for performance bonus	-	709,280	709,280
Provision for long-service awards	1,910,000	587,000	2,497,000
	5,996,000	2,107,620	8,103,620

Reconciliation of provisions - 2013

	Opening Balance	Additions	Total
Provision for leave	3,868,991	217,009	4,086,000
Provision for long-service awards	217,009	1,692,991	1,910,000
	4,086,000	1,910,000	5,996,000

Blouberg Local Municipality

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Annual Financial Statements for the year ended June 30, 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
15. Provisions (continued)		
Non-current liabilities	4,017,620	1,910,000
Current liabilities	4,086,000	4,086,000
	8,103,620	5,996,000
Employee benefit cost provision		
The employees of Blouberg qualifies for the following long-service award additional leave for various periods of uninterrupted service		
• 10 years uninterrupted service: 10 working days' leave • 15 years uninterrupted service: 20 working days' leave • 20 years uninterrupted service: 30 working days' leave • 25 years uninterrupted service: 30 working days' leave • 30 years uninterrupted service: 30 working days' leave • 35 years uninterrupted service: 30 working days' leave • 40 years uninterrupted service: 30 working days' leave • 45 years uninterrupted service: 30 working days' leave		
16. Service charges		
Sale of electricity	12,236,295	13,102,699
Refuse removal	239,718	234,718
	12,476,013	13,337,417
17. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	769,483	881,444
18. Investment revenue		
Interest revenue		
Bank	169,305	214,891
Investments	956,428	207,616
	1,125,733	422,507
19. Other income		
Building plans	90,931	116,950
Tender documents	174,074	126,844
Sale of sites	1,460,887	3,983,135
LGSETA Refund capacity building	101,136	368,418
Connection fees	126,042	213,108
Cattle pound	15,044	111,904
Commission	610,583	1,286,098
Other income	249,383	389,132
	2,828,080	6,595,589
20. Property rates		
Rates received		
Residential	56,553	739,223
Commercial	50,380	1,040,625

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
20. Property rates (continued)		
State	5,051,190	5,653,603
Small holdings and farms	8,959,686	7,769,928
Other	-	44,065
Heavy industries	34,669	163,800
	14,152,478	15,411,244

Valuations

Residential	132,618,000	173,583,013
Commercial	2,566,749,600	2,553,660,600
State	436,065,013	391,419,000
Municipal	13,619,000	168,000
Other	6,530,000	-
	3,155,581,613	3,118,830,613

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2012.

A general rate of 0.005 (2013: 0.005) cents in the rand is applied to property valuations to determine assessment rates. Rebates of 75% to farms, 20% on residential and 30% on business and state property owners.

Rates are levied on an annual basis. Interest at 5% per annum (2013: 5%), is levied on rates outstanding.

21. Government grants and subsidies

Operating grants

Equitable share	100,568,000	90,331,000
Financial Management Grant (FMG)	1,650,000	1,858,791
Municipal Systems Improvement Grant (MSIG)	890,000	800,000
Expanded Public Works Programme (EPWP)	1,000,000	1,000,000
	104,108,000	93,989,791

Capital grants

Municipal Infrastructure Grant (MIG)	28,424,269	23,026,356
Municipal Electrification (DME)	7,000,000	3,000,000
Other Government grants and subsidies (CDM)	1,187,034	2,370,414
	36,611,303	28,396,770
	140,719,303	122,386,561

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R 2,650 (2013: R 2,500), which is funded from the grant.

Financial Management Grant (FMG)

Balance unspent at beginning of year	-	589,246
Current-year receipts	1,650,000	1,500,000
Conditions met - transferred to revenue	(1,650,000)	(1,858,791)
Other	-	(230,455)
	-	-

Municipal Systems Improvement Grant (MSIG)

Current-year receipt	890,000	800,000
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Blouberg Local Municipality

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Figures in Rand	2014	2013
21. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	(890,000)	(800,000)
	-	-

Conditions still to be met - remain liabilities (see note 14).

Provide explanations of conditions still to be met and other relevant information.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	7,877,644	8,014,545
Current-year receipts	30,326,000	30,904,000
Conditions met - transferred to revenue	(28,424,268)	(23,026,356)
Other	-	(8,014,545)
	9,779,376	7,877,644

National Treasury withheld R4,239,000.00 due to underspending in the current financial period.

Expanded Public Works Programme (EPWP)

Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,000,000)	(1,000,000)
	-	-

Integrated National Electrification Programme (INEP)

Current-year receipts	7,000,000	3,000,000
Conditions met - transferred to revenue	(7,000,000)	(3,000,000)
	-	-

CDM Grant

Balance unspent at beginning of year	1,863,493	3,233,906
Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,187,034)	(2,370,413)
	1,676,459	1,863,493

22. Revenue

Service charges	12,476,013	13,337,417
Rental of facilities and equipment	769,483	881,444
Interest received (trading)	174,374	192,715
Licences and permits	2,491,142	2,608,399
Other income - (rollup)	2,828,080	6,595,589
Interest received - investment	1,125,733	422,507
Property rates	14,152,478	15,411,244
Government grants & subsidies	140,719,303	122,386,561
Fines	1,325,343	1,645,114
	176,061,949	163,480,990

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	12,476,013	13,337,417
Rental of facilities and equipment	769,483	881,444
Interest received (trading)	174,374	192,715

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Figures in Rand	2014	2013
22. Revenue (continued)		
Licences and permits	2,491,142	2,608,399
Other income - (rollup)	2,828,080	6,595,589
Interest received - investment	1,125,733	422,507
	19,864,825	24,038,071

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	14,152,478	15,411,244
Transfer revenue		
Government grants & subsidies	140,719,303	122,386,561
Fines	1,325,343	1,645,114
	156,197,124	139,442,919

23. Employee related costs

Basic	39,152,036	33,709,871
Bonus	3,313,470	2,558,435
Medical aid - company contributions	1,832,400	1,502,243
UIF	302,217	269,870
SDL	344,347	321,781
Pension Fund contributions	8,052,592	7,191,717
Travel, motor car, accommodation, subsistence and other allowances	9,762,076	8,798,279
Overtime payments	949,500	972,540
Long-service awards	(9,000)	-
Acting allowances	222,777	218,600
Housing benefits and allowances	111,632	136,236
Other employee related costs	2,189,117	2,397,526
	66,223,164	58,077,098

Remuneration of municipal manager

Annual Remuneration	631,837	574,281
Travel, motor car, accommodation, subsistence and other allowances	234,481	222,192
Performance Bonuses	47,857	23,928
Contributions to UIF, Medical and Pension Funds	130,809	135,568
	1,044,984	955,969

Remuneration of chief finance officer

Annual Remuneration	526,800	480,000
Travel, motor car, accommodation, subsistence and other allowances	233,492	187,586
Performance Bonuses	13,333	36,667
Contributions to UIF, Medical and Pension Funds	129,481	113,811
	903,106	818,064

Remuneration of executive directors

2014	Technical Services	Local Economic Development	Corporate Services	Community Services
Annual Remuneration	302,629	503,757	122,207	236,952
Acting Allowance	-	-	72,486	72,041
Performance and other bonuses	-	40,736	-	64,597

Blouberg Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2014		2013	
23. Employee related costs (continued)				
Travel, motor car, accommodation, subsistence and other allowances	130,415	195,744	64,758	90,128
Contributions to UIF, Medical and Pension Funds	51,888	105,034	22,611	2,414
S&T	71,005	65,463	11,236	97,525
	555,937	910,734	293,298	563,657

2013	Technical Services	Local Economic Development	Corporate Services	Community Services
Annual Remuneration	454,079	458,992	305,995	-
Acting allowances	-	-	48,028	60,035
Performance and other bonuses	-	38,249	54,187	-
Travel, motor car, accommodation, subsistence and other allowances	231,165	181,515	175,460	-
Contributions to UIF, Medical and Pension Funds	108,960	108,615	73,760	-
S&T	81,603	65,811	127,964	93,601
	875,807	853,182	785,394	153,636

24. Remuneration of councillors

Mayor	-	1,330,842
Speaker	-	1,032,878
Councillors	10,661,709	6,212,940
Councillors' pension contribution	971,678	1,010,177
Chief Whip	-	1,008,068
	11,633,387	10,594,905

In-kind benefits

The Mayor, Speaker, Chief Whip and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has the use of separate Council owned vehicles for official duties.

The Mayor has two full-time drivers.

25. Debt impairment

Contributions to debt impairment provision	956,925	12,300,462
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26. Depreciation and amortisation

Property, plant and equipment	47,972,059	46,544,235
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27. Bulk purchases

Electricity	18,096,118	14,762,525
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28. Contracted services

Security Services	2,456,865	1,897,564
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29. General expenses

Blouberg Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
29. General expenses (continued)		
Administration and management fees	424,602	270,497
Advertising	285,970	147,554
Auditors remuneration	2,208,438	1,889,388
Bank charges	246,286	275,252
Consulting and professional fees	5,279,369	4,130,119
Consumables	267,617	271,454
Insurance	471,297	451,232
Conferences and seminars	1,304,166	661,813
IT expenses	322,805	636,376
Lease rentals on operating lease	488,639	765,757
Fuel and oil	2,905,881	2,290,487
Postage and courier	7,264	12,000
Printing and stationery	666,136	665,759
Protective clothing	49,381	399,756
Staff welfare	37,400	29,920
Subscriptions and membership fees	467,199	207,499
Telephone and fax	860,254	936,482
Training	552,748	873,247
Travel - local	6,781,528	6,017,123
Water	39,479	62,788
Audit committee fees	171,792	170,846
Other expenses	7,087,324	8,405,071
Bursaries	442,493	250,103
Public participation	584,844	249,939
Licence fees - vehicles	53,930	51,665
Valuation costs	787,537	438,596
Grants and subsidies paid	1,712,200	1,953,079
	34,506,579	32,513,802
30. Impairment of assets		
Impairments		
Property, plant and equipment	460,010	6,806
There is a small section of the assets that were assessed as impaired. These are for other assets which are no longer usable and the value in use is zero. These assets are broken, chairs, air conditioner and cupboard.		
31. Cash generated from operations		
Deficit	(7,251,552)	(14,670,601)
Adjustments for:		
Depreciation and amortisation	47,972,059	46,544,235
Gain on sale of assets and liabilities	-	34,204
Grants withheld	-	(10,792,978)
Deferred income recognised	-	(160,190)
Impairment deficit	460,010	6,806
Debt impairment	956,925	12,300,462
Movements in provisions	2,107,620	1,999,514
Cost of land inventory	-	1,645,000
Prior year payment	-	(2,822,876)
Changes in working capital:		
Inventories	(143,745)	1,748,827
Receivables from exchange transactions	1,141,847	-
(Increase)/ decrease in trade receivables	(459,798)	272,960
(Increase)/ decrease in other receivables	(8,357,333)	(2,612,305)
Payables from exchange transactions	7,188,001	(6,105,291)
(Increase)/ decrease in vat receivable	(88,536)	(300,559)
Unspent conditional grants and receipts	1,714,698	(2,096,561)

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Figures in Rand	2014	2013
31. Cash generated from operations (continued)		
Other current financial liabilities	415,903	1,622,748
	45,656,099	26,613,395

32. Changes in accounting policy

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:

Revaluation Reserve

The municipality used the revaluation model to account for land in 2010 and this amounted to a revaluation reserve of R 648 800. Now the municipality uses the cost model hence the revaluation reserve will be transferred to the accumulated surplus account. The municipality has adopted a cost model to account for its assets in terms of Grap 17.

Previously classified as revaluation reserve	-	648,800
Transferred to Accumulated Surplus/(Deficit)	-	(648,800)
	-	-

33. Prior period errors

During the year ended 30 June 2012 and previous years, PPE and other assets were incorrectly recognised :-

The commission income was understated by R 25 109 relating to cash transactions which were not recognised as income

The contracted fees (general expenses) and payables were understated due to a payment of R 1 323 478 for professional services.

Donation income and inventory were overstated by R 29 079 202 due to land which was incorrectly valued

PPE was overstated by R 2 354 668 068 because the asset register was including assets which do not belong to the municipality.

The depreciation for prior year was overstated by R 2 886 813 as a result of the overstatement of the assets

The other income was overstated by R 531 601 due to duplications of rental income.

Other financial liabilities were understated by R 4 527 983 due to vat refunds which were captured under other liabilities

VAT receivable was overstated by R 10 920 764 due to refunds which were captured in the wrong vote and also due to non capturing of losses on VAT

The trade receivables from exchange transactions was understated by R 6 856 038.87 as the balance was not agreeing to the age analysis and also because of the impairment which was overstated

The trade receivables from non exchange transactions and other financial assets were understated by R 698 820.01 due to restatement of debtors from traffic fines and water transactions

Accumulated surplus was overstated by R 2 279 490 774 due to overstatement of assets, depreciation, and donation income. As well as understatement of general expenditure.

The irregular expenditure for prior year was understated by R 13 222 259 due to lack of sufficient evidence that public invitations on six competitive bids.

There was an error amounting R 3 384 738 due to water transactions and this has resulted in other financial liabilities being overstated

The prior year accruals were understated by R 156 644 due to expenditure which were captured in the wrong financial year.

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Annual Financial Statements for the year ended June 30, 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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33. Prior period errors (continued)

The comparative amount has been restated as follows:

Statement of financial position

Property, plant and equipment	-	(2,354,668,068)
Other 1	-	(2,240,704)
Other 2	-	6,856,039
Other 3	-	(698,820)
	-	(10,920,764)
	-	(3,384,738)
	-	(1,323,478)
	-	156,644
	-	29,079,202
Opening Accumulated Surplus or Deficit	-	2,279,496,956
Deferred tax	-	(2,886,813)

Statement of Financial Performance

Depreciation expense	-	25,109
	-	40,791
	-	(40,647)
	-	(1,160,946)
	-	(14,628)
	-	156,644
	-	(531,601)
Other 1	-	29,079,202
Other 2	-	(2,886,813)

34. Unauthorised expenditure

Opening balance	37,836,961	30,445,425
Unauthorised expenditure current year	30,000	7,391,536
	37,866,961	37,836,961

The unauthorised expenditure incurred is due to non compliance with SCM policy as the supplier did not have valid company registration documents or did not submit tax clearance certificates.

35. Fruitless and wasteful expenditure

Opening balance	213,313	119,645
Fruitless and wasteful expenditure current year	73,024	93,668
	286,337	213,313

Fruitless and wasteful expenditure arose as a result of interest expenses incurred due to late payments of suppliers invoices.

36. Irregular expenditure

Opening balance	20,334,278	20,068,669
Add: Irregular Expenditure - current year	1,250,058	265,609
	21,584,336	20,334,278

The irregular expenditure is due to non compliance with SCM policy as the suppliers did not submit valid tax clearance certificates.

37. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

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Annual Financial Statements for the year ended June 30, 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
37. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Opening balance	177,307	514,352
Current year subscription / fee	447,478	(514,352)
Amount paid - current year	(447,478)	-
Amount paid - previous years	(177,307)	177,307
	-	177,307

Audit fees

Opening balance	27,915	-
Current year subscription / fee	2,208,438	2,233,890
Amount paid - current year	(2,208,438)	(2,205,975)
Amount paid - previous years	(27,915)	-
	-	27,915

The balance unpaid represents the audit fee for the stock count conducted on June 2013 and is payable by 31 July 2013.

PAYE and UIF

Opening balance	797,150	-
Current year subscription / fee	11,107,900	9,200,861
Amount paid - current year	(10,228,688)	(8,403,711)
Amount paid - previous years	(797,150)	-
	879,212	797,150

The balance represents PAYE and UIF deducted from the June 2014 payroll. These amounts were paid during July 2014

Pension and Medical Aid Deductions

Opening balance	1,221,675	1,047,106
Current year subscription / fee	9,884,992	13,954,438
Amount paid - current year	(8,479,360)	(13,779,869)
Amount paid - previous years	(1,221,675)	-
	1,405,632	1,221,675

The balance represents pension and medical aid contributions deducted from employees in the June 2014 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2014.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2014:

June 30, 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
SE Sekgoloane	285	-	285
June 30, 2013	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
SE Sekgoloane	-	2,668	2,668
MS Maboya	158	-	158

Blouberg Local Municipality

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Annual Financial Statements for the year ended June 30, 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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37. Additional disclosure in terms of Municipal Finance Management Act (continued)

	158	2,668	2,826
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During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

June 30, 2014	Highest outstanding amount	Aging (in days)
SE Sekgoloane	845	90

June 30, 2013	Highest outstanding amount	Aging (in days)
SE Sekgoloane	2,668	365
MS Maboya	158	30

38. Commitments

Authorised capital expenditure

Approved and contracted for

• Property, plant and equipment	12,127,876	15,758,590
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This committed expenditure relates to infrastructure and will be financed from:

- External loans
- Government grants
- Own resources
- District Council Grants

39. Distribution losses

Electricity	974,462	2,517,976
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The municipality purchased 14,649,146.99 units from Eskom and the sold and used 13,860,301.67 units hence there is a difference of 788,845.32 units between the purchases and sales. This amounts to a distribution loss of R974,462.05.

40. Contingencies

The South African Local Government Association (SALGA) entered into a wage curve agreement with two unions, Independent Municipal Allied Trade Union (IMATU) and South African Municipal Workers' Union (SAMWU). The main objective of the collective agreement was to provide for the categorisation of municipalities as per the agreed criteria, provide for the wage curve for the different categories of municipalities and employees to receive new wage rates as a result of their jobs being evaluated, as per the TASK job Evaluation System and published by the SALGBC. The liability resultant from the collective agreement is estimated at R.4,438,765.40

The applicant sued the Council Speaker for defamation. The Co-Council was at Mmalebogo working within the course and scope of employment. The municipality entered a notice to defend and pleadings have been closed. The matter has not yet been set down for hearing. The estimated cost is R 50,000.

The Blouberg municipal council suspended the Municipal Manager who then challenged the suspension and the attorney were instructed to oppose the same. We estimate that if the matter proceeds to trial, the costs will be approximately R 436 663. 00.

The applicant was a partner in a joint venture that was contracted to electrify the de Villiersdale village. He abandoned the site and claimed that the Mayor had expelled him from the site. The applicant applied for an interdict against the municipality and claimed damages for an unlawful termination of his contract. The cost is estimated at R 564,392.

The municipality evicted Desmond park residence without a valid court order in 2007. The residents are claiming damages for unlawful eviction. The estimated costs are R 19 000 000.00.

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
41. Related parties		
Related party transactions		
Capricorn District Municipality		
Commission received from related parties	1,136,125	1,286,098
Debtors	3,149,165	4,520,870
Grants received from CDM	1,000,000	2,370,414
The municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services.		
Compensation to accounting officer and other key management		
Remuneration	17,769,778	16,875,456
Key management information		
Remuneration of the Municipal Manager (KGOALE T.M.P)		
Annual Remuneration	631,537	574,281
Performance and other bonuses	47,857	23,928
Travel, motor car, accommodation, subsistence and other allowances	234,481	222,192
S & T	96,427	44,415
Contributions to UIF, Medical and Pension Funds	130,809	135,568
	1,141,111	1,000,384

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
41. Related parties (continued)		
Remuneration of the Chief Finance Officer (RAGANYA M.C)		
Annual remuneration	526,800	480,000
Performance and other bonuses	13,333	36,667
Travel, motor car, accommodation, subsistence and other allowances	233,492	187,586
S & T	129,481	151,404
Contributions to UIF, Medical and Pension Funds	109,731	113,811
	1,012,837	969,468

2014

Remuneration of individual Executive Directors	Local Economic Development	Technical Services	Corporate Services	Corporate Services	Community Services
Annual remuneration	503,757	302,629	-	122,207	236,952
Acting Allowance	-	-	72,486	-	72,041
Performance and other bonuses	40,736	-	-	-	64,597
Travel, motor car, accommodation, subsistence and other allowances	195,744	130,415	-	64,758	90,126
Contributions to UIF, Medical and Pension Funds	105,034	51,888	-	22,611	2,414
S & T	65,463	71,005	-	11,236	97,525
	910,734	555,937	72,486	220,812	563,655

2013

	Local Economic Development KGORANE MJ	Technical Services TLHABANI HB	Corporate Services MASIPA MH (March to June)	Corporate Services MOTHIBI MF (July to February)	Community Services MACHABA MJ (Feb to June)
Annual Remuneration	458,992	454,079	-	305,995	-
Acting Allowance	-	-	48,028	-	60,035
Performance and other bonuses	38,249	-	-	54,187	-
Travel, motor car, accommodation, subsistence and other allowances	181,515	231,165	-	175,460	-
Contributions to UIF, Medical and Pension Funds	108,615	108,960	-	73,760	-
S & T	65,811	81,603	60,840	67,124	93,601
	853,182	875,807	108,868	676,526	153,636

Remuneration of Councillors

Mayor(SE SEKGOLANE) remuneration,pension, cellphone allowance and housing allowance	702,848	666,072
Speaker (MN THAMAGA) remuneration,pension, cellphone allowance and housing allowance	608,753	578,097
Chief Whip (MM TSHOSHI) remuneration,pension, cellphone allowance and housing allowance & disbursements	557,117	586,747
Councillors' pension and medical aid contributions	877,616	1,010,177
Councillors' allowances and remuneration	8,580,148	7,898,834
Disbursements of councillors	1,965,724	1,497,659
	13,292,206	12,237,586

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Figures in Rand	2014	2013
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42. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by budget and treasury department under policies approved by the Council. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units.[]

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At June 30, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Current liabilities				
• Trade payables from exchange transactions	19,916,925	-	-	-
• Other financial liabilities	3,700,125	-	-	-
At June 30, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Current liabilities				
• Trade payables from exchange transactions	12,728,924	-	-	-
• Other financial liabilities	3,284,222	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

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Figures in Rand

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43. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Blouberg Local Municipality
Blouberg Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2014
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	10,221,290	270,000	-	-	-	-	10,491,290	-	-	-	-	-	-	10,491,290
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	39,181,713	-	-	-	-	-	39,181,713	(11,129,173)	-	-	(1,567,269)	-	(12,696,442)	26,485,271
	49,403,003	270,000	-	-	-	-	49,673,003	(11,129,173)	-	-	(1,567,269)	-	(12,696,442)	36,976,561
Infrastructure														
Roads, Pavements & Bridges	353,577,271	8,230,582	-	-	-	-	361,807,853	(156,641,383)	-	-	(25,083,303)	-	(181,724,686)	180,083,167
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Main	720,282,481	7,971,003	(754,111)	-	-	-	727,499,373	(213,745,012)	294,101	-	(16,532,591)	-	(229,983,502)	497,515,871
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,073,859,752	16,201,585	(754,111)	-	-	-	1,089,307,226	(370,386,395)	294,101	-	(41,615,894)	-	(411,708,188)	677,599,038
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community facilities	73,654,211	15,990,625	-	-	-	-	89,644,836	(13,602,144)	-	-	(2,509,045)	-	(16,111,189)	73,533,647
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	73,654,211	15,990,625	-	-	-	-	89,644,836	(13,602,144)	-	-	(2,509,045)	-	(16,111,189)	73,533,647

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Appendix B

Analysis of property, plant and equipment as at 30 June 2014	
Cost/Revaluation	Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Emergency/rescue equipment	38,060	-	-	-	-	-	38,060	(16,876)	-	-	(6,851)	-	(23,727)	14,333
Fire Fighting equipment	38,497	-	-	-	-	-	38,497	(17,143)	-	-	(7,663)	-	(24,806)	13,691
Cabinets & Cupboards	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chairs and couches	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
shelving and book cases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
tables & desks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Passenger Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
specialised Vehicle	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trucks,buses and Ldvs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tractors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trailers and accessories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Air Conditioners	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Audiovisual equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
computer hardware	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Domestic Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other machines	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Compressors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eath Moving equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lawnmowers/gardening equipments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	76,557	-	-	-	-	-	76,557	(34,019)	-	-	(14,514)	-	(48,533)	28,024

Blouberg Local Municipality
Blouberg Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2014	
Cost/Revaluation	Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	49,403,003	270,000	-	-	-	-	49,673,003	(11,129,173)	-	-	(1,567,269)	-	(12,696,442)	36,976,561
Infrastructure	1,073,859,752	16,201,585	(754,111)	-	-	-	1,089,307,226	(370,386,395)	294,101	-	(41,615,894)	-	(411,708,188)	677,599,038
Community Assets	73,654,211	15,990,625	-	-	-	-	89,644,836	(13,602,144)	-	-	(2,509,045)	-	(16,111,189)	73,533,647
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	76,557	-	-	-	-	-	76,557	(34,019)	-	-	(14,514)	-	(48,533)	28,024
	1,196,993,523	32,462,210	(754,111)	-	-	-	1,228,701,622	(395,151,731)	294,101	-	(45,706,722)	-	(440,564,352)	788,137,270
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	49,403,003	270,000	-	-	-	-	49,673,003	(11,129,173)	-	-	(1,567,269)	-	(12,696,442)	36,976,561
Infrastructure	1,073,859,752	16,201,585	(754,111)	-	-	-	1,089,307,226	(370,386,395)	294,101	-	(41,615,894)	-	(411,708,188)	677,599,038
Community Assets	73,654,211	15,990,625	-	-	-	-	89,644,836	(13,602,144)	-	-	(2,509,045)	-	(16,111,189)	73,533,647
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	76,557	-	-	-	-	-	76,557	(34,019)	-	-	(14,514)	-	(48,533)	28,024
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,196,993,523	32,462,210	(754,111)	-	-	-	1,228,701,622	(395,151,731)	294,101	-	(45,706,722)	-	(440,564,352)	788,137,270

Blouberg Local Municipality
Blouberg Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2013
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	10,221,290	-	-	-	-	-	10,221,290	-	-	-	-	-	-	10,221,290
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	39,181,713	-	-	-	-	-	39,181,713	(9,561,904)	-	-	(1,567,269)	-	(11,129,173)	28,052,540
	49,403,003	-	-	-	-	-	49,403,003	(9,561,904)	-	-	(1,567,269)	-	(11,129,173)	38,273,830
Infrastructure														
Roads, Pavements & Bridges	353,577,271	601,420	-	-	-	-	354,178,691	(131,659,227)	-	-	(24,982,156)	-	(156,641,383)	197,537,308
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	714,858,379	4,822,681	-	-	-	-	719,681,060	(197,379,833)	-	-	(16,365,179)	-	(213,745,012)	505,936,048
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,068,435,650	5,424,101	-	-	-	-	1,073,859,751	(329,039,060)	-	-	(41,347,335)	-	(370,386,395)	703,473,356
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community facilities	52,061,474	7,982,912	-	-	-	13,609,825	73,654,211	(11,663,938)	-	-	(1,938,206)	-	(13,602,144)	60,052,067
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	52,061,474	7,982,912	-	-	-	13,609,825	73,654,211	(11,663,938)	-	-	(1,938,206)	-	(13,602,144)	60,052,067

Blouberg Local Municipality
Blouberg Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2013	
Cost/Revaluation	Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Emergency equipment														
Emergency / Rescue equipment	38,060	-	-	-	-	-	38,060	(9,264)	-	-	(6,851)	-	(16,115)	21,945
Fire fighting equipment	38,497	-	-	-	-	-	38,497	(10,214)	-	-	(6,929)	-	(17,143)	21,354
Furniture and fittings														
Cabinets and cupboards	915,334	195	(3,070)	-	-	-	912,459	(213,438)	364	-	(120,060)	-	(333,134)	579,325
Chairs and couches	1,148,362	-	(17,692)	-	-	-	1,130,670	(353,666)	9,419	-	(146,182)	-	(490,429)	640,241
Other furniture and fittings	134,697	5,780	(2,836)	-	-	-	137,641	(36,733)	1,489	-	(23,792)	-	(59,036)	78,605
Shelving and bookcases	378,042	-	-	-	-	-	378,042	(113,343)	-	-	(48,605)	-	(161,948)	216,094
Tables and desks	930,548	195	(14,191)	-	-	-	916,552	(234,946)	7,421	-	(117,997)	-	(345,522)	571,030
Motor vehicles														
Passenger vehicles	1,326,910	388,525	(330,700)	-	-	-	1,384,735	(214,254)	94,207	-	(95,432)	-	(215,479)	1,169,256
Specialised vehicles	301,679	571,599	-	-	-	-	873,278	(52,538)	-	-	(50,432)	-	(102,970)	770,308
Trucks, buses and ldv's	733,100	302,184	(580,100)	-	-	-	455,184	(200,882)	161,185	-	(29,009)	-	(68,706)	386,478
Tractors	428,400	-	-	-	-	-	428,400	(63,389)	-	-	(21,983)	-	(85,372)	343,028
Trailors and accessories	1,101,940	292,875	-	-	-	-	1,394,815	(252,906)	-	-	(92,243)	-	(345,149)	1,049,666
Office equipment														
Air conditioners	426,972	-	-	-	-	-	426,972	(130,145)	-	-	(100,125)	-	(230,270)	196,702
Audiovisual equipment	76,956	26,541	-	-	-	-	103,497	(23,708)	-	-	(17,572)	-	(41,280)	62,217
Office equipment - other	205,314	39,141	(42,489)	-	-	-	201,966	(64,871)	23,004	-	(36,474)	-	(78,341)	123,625
Computer hardware	1,822,794	127,169	(73,521)	-	-	-	1,876,442	(555,188)	40,838	-	(419,448)	-	(933,798)	942,644
Domestic equipment	64,423	29,755	-	-	-	-	94,178	(15,884)	-	-	(15,647)	-	(31,531)	62,647
Office machines	112,922	1,460	-	-	-	-	114,382	(34,723)	-	-	(18,678)	-	(53,401)	60,981
Plant and equipment														
Compressors	76,500	-	-	-	-	-	76,500	(20,655)	-	-	(13,770)	-	(34,425)	42,075
Earth moving equipment	1,683,010	-	(26,900)	-	-	-	1,656,110	(218,118)	7,711	-	(149,498)	-	(359,905)	1,296,205
lawnmowers / gardening equipment	18,500	746	-	-	-	-	19,246	(4,242)	-	-	(3,413)	-	(7,655)	11,591
Plant and equipment - other	46,581	-	-	-	-	-	46,581	(22,328)	-	-	(8,385)	-	(30,713)	15,868
Workshop equipment and tools	349,356	-	-	-	-	-	349,356	(47,497)	-	-	(62,884)	-	(110,381)	238,975
	12,358,897	1,786,165	(1,091,499)	-	-	-	13,053,563	(2,892,932)	345,638	-	(1,605,409)	-	(4,152,703)	8,900,866

Blouberg Local Municipality
Blouberg Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2013	
Cost/Revaluation	Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Under construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	49,403,003	-	-	-	-	-	49,403,003	(9,561,904)	-	-	(1,567,269)	-	(11,129,173)	38,273,830
Infrastructure	1,068,435,650	5,424,101	-	-	-	-	1,073,859,751	(329,039,060)	-	-	(41,347,335)	-	(370,386,395)	703,473,356
Community Assets	52,061,474	7,982,912	-	-	-	13,609,825	73,654,211	(11,663,938)	-	-	(1,938,206)	-	(13,602,144)	60,052,067
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	12,358,897	1,786,165	(1,091,499)	-	-	-	13,053,563	(2,892,932)	345,638	-	(1,605,409)	-	(4,152,703)	8,900,860
	1,182,259,024	15,193,178	(1,091,499)	-	-	13,609,825	1,209,970,528	(353,157,834)	345,638	-	(46,458,219)	-	(399,270,415)	810,700,113
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	49,403,003	-	-	-	-	-	49,403,003	(9,561,904)	-	-	(1,567,269)	-	(11,129,173)	38,273,830
Infrastructure	1,068,435,650	5,424,101	-	-	-	-	1,073,859,751	(329,039,060)	-	-	(41,347,335)	-	(370,386,395)	703,473,356
Community Assets	52,061,474	7,982,912	-	-	-	13,609,825	73,654,211	(11,663,938)	-	-	(1,938,206)	-	(13,602,144)	60,052,067
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	12,358,897	1,786,165	(1,091,499)	-	-	-	13,053,563	(2,892,932)	345,638	-	(1,605,409)	-	(4,152,703)	8,900,860
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,182,259,024	15,193,178	(1,091,499)	-	-	13,609,825	1,209,970,528	(353,157,834)	345,638	-	(46,458,219)	-	(399,270,415)	810,700,113